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Economic education is needed. Elementary school children should be taught the following concepts of economics: that economics is concerned with the problem of deciding how to make the best use of resources to satisfy human wants; that production and consumption are functions of any economic system; that in America competition in a market is the system whereby consumer and producer goods and services are allocated; that the federal government helps to regulate the system and participates in the allocation of goods and services through its spending; that economic growth depends on the quality and quantity of productive resources; that money is a medium of exchange, a measure for comparing all economic goods, and a store of value; that specialization leads to interdependency locally and internationally; and that other nations have the same basic economic considerations. The kindergarten should be concerned with the home and school; the first grade, with the home and neighborhood; the second grade, with the neighborhood; the third grade, with the city--past and present; the fourth grade, with the state; the fifth grade, with the nation; and the sixth grade, with the western hemisphere. (JS)

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ECONOMICS in the ELEMENTARY SCHOOL

WHY
WHAT
WHERE ?

MINNEAPOLIS PUBLIC SCHOOLS
MINNEAPOLIS, MINNESOTA - 1967

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MINNEAPOLIS PUBLIC SCHOOLS
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ECONOMICS
in the
ELEMENTARY SCHOOL

WHY

WHAT

WHERE

A HANDBOOK for TEACHERS

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NEED FOR ECONOMIC EDUCATION

The Growing Importance of Economics in the Society

Technological changes and increasing social complexity are characteristics of our times which require a higher degree of education than ever before on the part of members of our society. Today, no major problem can be considered apart from political, social, and economic forces.

The news, whatever the media, devotes more and more time and space to matters of economic content signifying the importance it plays in the daily life of each of us.

"There is a growing awareness that in today's small world economic facts, whether their source is some distant land or next door, have a chain reaction that reaches into the pocketbooks of each of us, may add to our income, or cost us our jobs. Economic facts cannot be isolated. And so it is that economic growth or decline spreads out in all directions, from community to state, state to region, region to nation as a whole, and to all parts of the world."[1]

Preparing students to cope only with the practical problems of everyday living is no longer sufficient in this rapidly changing society that finds itself face to face with forces and problems that have grown in power and complexity from year to year. The curriculum must be so designed that it equips students to deal intelligently with the problems their generation will be called upon to solve. And more than ever, these problems will be economic in origin.

Public Illiteracy in Economics

Sylvia Porter[2], in a daily newspaper column, describes the typical adult in our land as an economic illiterate and estimates that this is as true now as it was in 1924 or 1904. Despite the growing importance of economics and in the face of the abundance of information now available, economic illiteracy still prevails.

It behooves the public schools then, to move in the direction of curriculum development that will introduce to each student the essential economic principles of a dynamic market economy.

Economic Forces in Daily Living

Children's experiences are as broad in scope as life itself. They involve in some measure every one of the social sciences and they are particularly rich in elements of economic importance. The child's experiences may be his own, those with his friends, or those as a family member.

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1. Thomson, J. Cameron, "Economic Growth: Everybody's Business," Minnesota Education Association Journal, March 1963, p. 15.
2. Porter, Sylvia, "Sylvia Porter's Column," Minneapolis Tribune, September 9, 1964.

- A child asks for a new bicycle, a train, or other items from a never-ending list of wants. He receives his allowance and feels rich until he finds it exchanged for a small fraction of his wants.
- A number of his friends have things he cannot afford, while yet another friend has considerably less of the desirable items.
- The family moves from one economic problem to another. What to buy at the grocery store? Who should get the next pair of shoes? Should we buy a car now? What should the child be when he grows up? Should the family spend or save?
- He knows his family must work hard to earn a living. He becomes more and more aware of other people and the way in which they earn money.

A curriculum which makes the most of the "real" world will be one which encourages observation and understanding of the economic problems of first-hand experience. The development of some basic economic understanding within the planned curriculum would then make possible the utilization of these teaching-learning opportunities.

Economics and the Curriculum

The social studies curriculum in the elementary school includes contributions from many disciplines. Its major concern is people, their relationships to one another in an ever-widening circle of space and time. As the child becomes acquainted with the sociology, history, and geography of his neighborhood, state, nation, and the world, he will be entering an arena of relationships and forces, not the least of which are economic in origin and solution.

A kindergarten class discusses the work that fathers and mothers do. A third grade analyzes the needs of people in the community and how they are met. A fourth grade group enumerates the services of the state government and how they are paid for. Often these units become descriptive in nature and give little or no emphasis to the economic importance of the institutions with which they deal.

A part of the fifth grade social studies includes the elements of U.S. history and geography. Part of this study is the development of transportation in our nation. With more emphasis on transportation as a part of economic development, the process of transportation can replace transportation as a thing: a unit involving depth and analysis can replace a unit that is merely descriptive.

The community helpers are usually considered in terms of the services they provide, but the "why" of community helpers will add depth and dimension to the entire social studies unit.

The objectives of the social studies[3] require that economic education be given its proper emphasis in the social studies curriculum.

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3. Guide for Teaching Social Studies, Minneapolis Public Schools, 1957.

It suggests, among other objectives, that every pupil, as is he able, should be a citizen who:

1. thinks critically about problems in our community, state, and nation and assumes responsibility for contributing to their solution,
2. understands the interdependence of the peoples of the world,
3. thinks critically about world problems and assumes responsibility for contributing to their solution,
4. maintains a sound personal financial program,
5. understands and appreciates the contributions of the many groups of workers who produce goods and services,
6. interests himself in and understands how our economic system operates,
7. and thinks critically about economic problems and assumes responsibility for contributing to their solution.

Economic Education Project

Economic problems have become a more and more substantial part of the experiences of our individual, family, community, and national lives. We must develop within the curriculum, learning experiences that will lead students to develop basic concepts of economics, instead of mere descriptive facts of economic life; and to insure the accuracy of the information given and the consequential conclusions.

It must begin in the elementary school because it is a part of the first-hand experiences of the child and his family; it is part of the social studies program with which he is now involved; and because he is constantly evolving some concepts of economics through these experiences which require teacher-guidance if they are to be valid and accurate.

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NEED FOR AN ECONOMIC SYSTEM

SCARCITY

Human Wants
1. unlimited
2. can be satisfied in different ways

Resources
1. scarce relative to wants
2. can be used in different ways

Choice - Basic Economic Problem

Jobs of an Economic System

1. What to produce
2. How to produce
3. How to distribute output
4. How much to produce

Chart 1

from What Are Economic Problems, Primer #1, Lewis E. Wagner, Bureau of Business and Economic Research, State University of Iowa, 1961, p. 6. By permission of the author.

CONTENT FOR ECONOMIC EDUCATION

Economics as a Social Science

Economics is the study of the production, distribution and consumption of wealth. Like the other social sciences, it is an organized body of knowledge, requiring analytical tools and analytical thinking.

Economics is not a ready-made set of explanations or of simple rules or solutions. It is a body of concepts and working relationships which, when intelligently used, can help us in making reasonable judgments about economic issues.

The National Task Force emphasizes that "the primary obligation of the schools is to help (the student) develop his capacity to think clearly, objectively,...about economic problems." The report goes on to restate that "mere description of economic institutions is not (to be considered) economic education."[4]

It would seem necessary, then, for the elementary teacher to:

1. have some knowledge and understanding of the basic economic problem, our economic system, and the institutions that comprise it, and
2. an understanding of the general relationships among these institutions.

Central Economic Problem in All Societies

In any society, people have a wide variety of wants and desires. No matter where they live, people seem always to want more food, clothes, cars, houses, recreation, and services than can be provided from the available resources (land, labor, machinery, ore, lumber, etc.). There is no limit to human wants. No matter how hard or fast a society works, it could not produce the variety and amount of goods that its people as a whole want. To get more of one good, it must be satisfied with less of another.

These never-ending wants must be satisfied by means of the available human and non-human resources; e.g., cattle, minerals, machinery, teachers, and composers. Unlike human wants, resources are limited, or they are said to be scarce in comparison to the endless quantity of wants to be satisfied.

The basic fact of scarcity gives rise to the need for economizing--for allocating the available resources to best satisfy human wants.

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4. Economic Education in the Schools, National Task Force Report, Committee for Economic Development, 1961, p. 13

economics defined
scarcity
conflict between wants and resources

Need for an Economic System

The fundamental economic problem, then, is one of choice. The means or arrangements which a nation uses for choosing is called an economic system.

The basic economic problem and the functions to be performed by an economic system are common to all societies, but the type of economic system need not be the same for every country; indeed it is not.

The functions that must be performed by an economic system are those relating to choice: how to allocate the available resources to best satisfy the unlimited human wants. (See Chart #1.) These functions are to determine: 1) what to produce, 2) what resources will be combined and how used, 3) how the output shall be distributed among the members of the society, and 4) how much to produce.

Our economic system is primarily one of private enterprise, but, as every citizen is aware, the government does command a role as one of the major institutions in our economy through the decisions it makes. For this reason, our economy is often referred to as one of modified private enterprise or mixed economy; a mixture of both private enterprise and government decision-making.

The Market Economy of the United States

In economics, the process of satisfying wants is called consumption. Consumers, the people whose wants are satisfied, may use goods which are used up quickly, e.g., ice cream, theater ticket, or over a long period of time, e.g., a car, a TV set, a house. Having a service performed for one, e.g., haircut, dry cleaning, is consumption also.

Children in the elementary school should discover that every human being is a consumer.

All the economic wants of man for services and goods must be produced using some combination of the factors of production: land or natural resources, labor or human resources, capital goods or man-made resources, and entrepreneurship.

Natural resources are those materials found in nature which man puts to his use. Trees, minerals, fish all become the raw materials for man's production (or consumption).

Human resources include all of the available producers in a society. The investment in the education and skills of the nation's population is one of the most important factors contributing to productive capacity.

economic system defined
consumption of goods and services
need for production
factors of production
land, labor, capital

Relationship of Economic Ideas

All people are consumers with UNLIMITED WANTS for goods and services.

the basic conflict

that are satisfied by using LIMITED RESOURCES

Goods and services must be produced

principles of production

factors of production

- land
- labor
- capital

SPECIALIZATION
- occupational
- geographical
- technological

TECHNOLOGICAL PROGRESS
- education
- research
- invention

SAVINGS INVESTMENT, AND CAPITAL FORMATION

The market is facilitated by
- money
- communication
- transportation

Specialization increases the interdependence of people, who then must exchange their production for that of others in the MARKET.

WHAT

Consumers indicate preferences for goods and services.

HOW

Business combines land, labor, and capital in varying degrees.

FOR WHOM

People who receive income decide how much to spend, how much to save.

HOW MUCH

Levels of spending and investment determine level of income and employment.

The market is modified by PUBLIC POLICY which reflects the values of society.

- Economic Growth
- Economic Stability
- Economic Security
- Economic Freedom
- Economic Justice

Chart 2

Man-made resources or capital goods are those economic goods used in the production of other goods, e.g., factories, buildings, machinery, trucks, tractors.

Entrepreneurship, in addition to management, includes raising the necessary money, assembling the factors of production, and organizing the management.

Consumers basically determine what is produced by the way they spend their dollars in the marketplace. Businessmen (entrepreneurs), trying to make a profit, make those things which they think consumers will buy at profitable prices, sometimes seeking also to influence the consumer demand through advertising and other selling activities. The profit motive largely determines how goods are produced.

The businessman will draw labor and capital (land, buildings, machinery) into those activities where consumer demand is the strongest. He must seek the most efficient use and combination of the productive factors if he is to compete successfully for a share of the consumer's dollars.

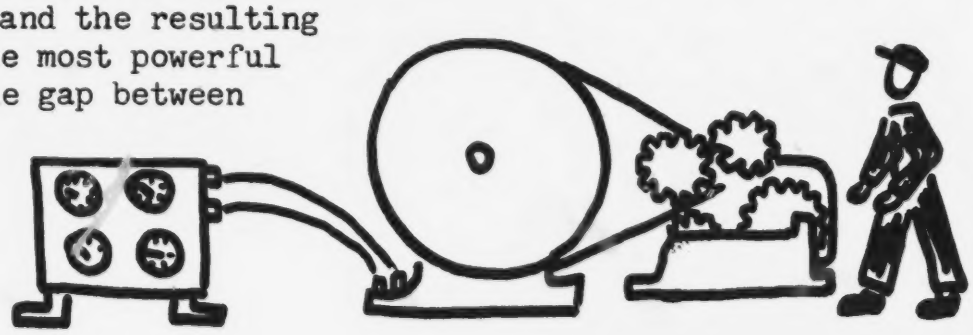
Not all producers earn the same income. The amount of income is related to: the education required to produce the goods or services; the productivity of the producer; the number of jobs available; the number of people looking for jobs; the risks involved, and so on.

The distribution of what is produced is determined primarily by the incomes of the individual workers. Each person's income represents the size of his claim on the total production of the society.

How much to produce is related to the size of the demand for the production of a single firm or of an industry composed of many firms. As long as the costs of additional production remain less than the price for which it is sold, businesses will produce more. So, the consumer demand provides a signal to businessmen determining how much to produce and therefore, how many resources will be employed in a particular productive activity.

As total demand increases or decreases, total production will increase or decrease.

Children should be made aware of the fact that division of labor and the resulting specialization are two of the most powerful practices that help close the gap between wants and resources.



market mechanism
what, how, for whom, how much

Technological progress, such as the development of complicated machines and industrial processes, of organization for mass production and the application of science to agriculture, has served to increase the productivity of labor and to provide a way to use natural resources more effectively. Through technology and research, many synthetics (fibers, oils, detergents) and substitutes (plastics, plywood) have been developed which allow greater efficiency in the use of natural resources.

The division of labor and specialization take several forms which increase productivity. Through specialization, more work is done and more goods and services are produced than if everyone tried to do a number of different jobs. Individuals, businesses, and regions specialize in producing certain products or services. Specialization enables more to be produced, but it leads to a greater necessity for trade (an ever-increasing market). As a consequence of specialization, individuals, regions, and countries are interdependent. All of us depend on others to provide many of the goods and services we want.

For the use of the productive resources he uses, the businessman will pay out incomes to workers, landowners, and other supplies of needed resources. These incomes, then, make it possible for consumers to buy the things they want. (This is the circular flow of income shown in Chart #3.)

In this interrelated process, market prices will act as a regulator. They will keep the system producing for the most part what the consumer wants and paying out incomes for the production of those goods and services.

Market prices act as a regulator in our economic system. When the demand for a good goes up in relation to the supply, prices and profits generally rise; this encourages more production and brings supply and demand into a closer relationship. Conversely, when the supply of a good exceeds the demand, prices will generally fall, profits will be less, and both producers and labor will tend to move into other kinds of productions that are more profitable.

Expansion in any economy or portion of an economy requires saving, investment, and capital formation in order to increase productive capacity. Saving means abstaining from consumption--we save money instead of spending it for consumer goods. When we put this money in the bank or in other financial institutions, it can be loaned to businessmen so that they can buy or hire productive resources to make producers' goods or capital goods (machines, tools, factories, stores).

Investment, in economics, means spending on capital goods. The more a country puts into capital formation, e.g., factories and machines, the more it can produce. The investment a society makes in education improves the quality of labor and increases productivity.

principles of production
circular flow of income
prices as regulator
saving and investing

Circular Flow of Income

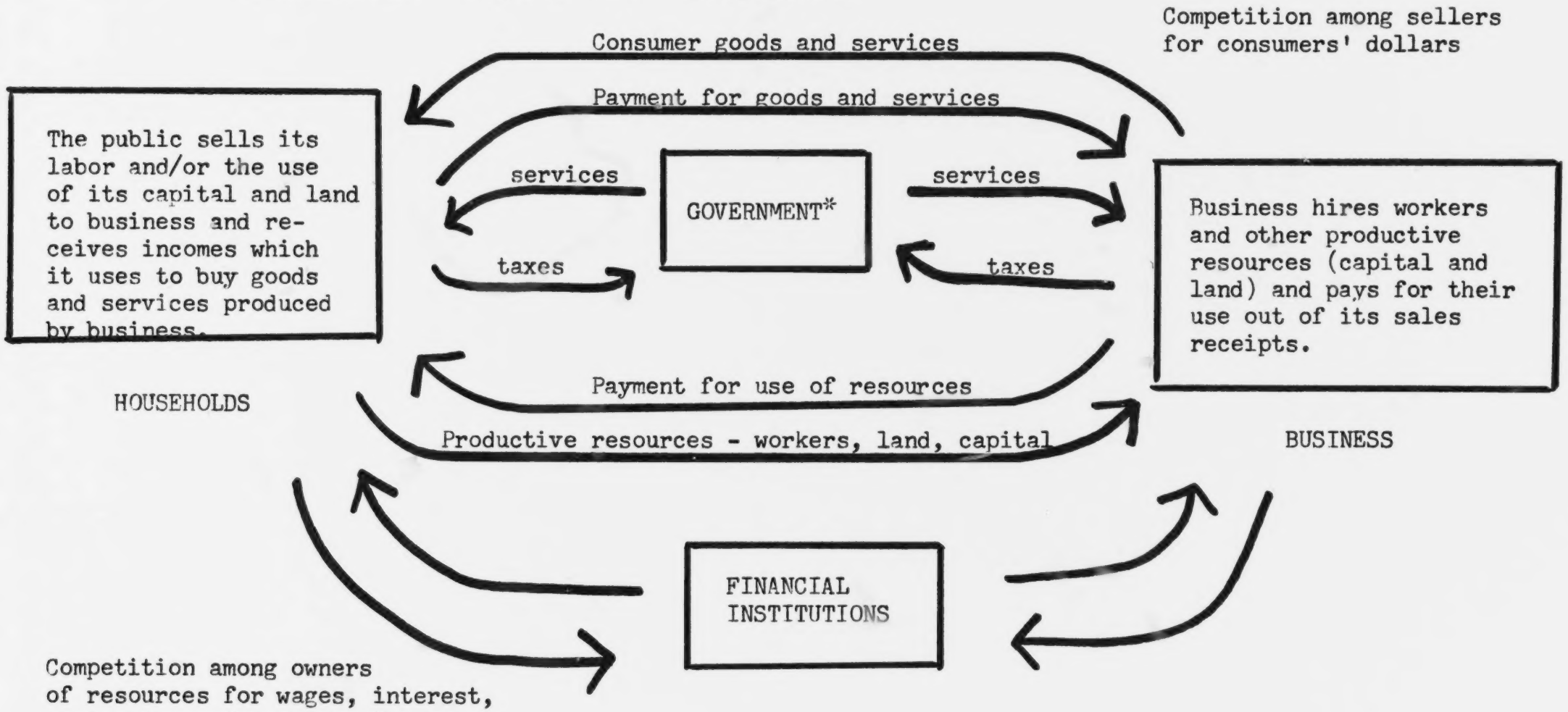

Competition among sellers for consumers' dollars
Consumer goods and services
Payment for goods and services
The public sells its labor and/or the use of its capital and land to business and receives incomes which it uses to buy goods and services produced by business.
services
GOVERNMENT*
services
taxes
taxes
Business hires workers and other productive resources (capital and land) and pays for their use out of its sales receipts.
HOUSEHOLDS
Payment for use of resources
Productive resources - workers, land, capital
BUSINESS
FINANCIAL INSTITUTIONS
Competition among owners of resources for wages, interest, rent, etc. and among businesses which want to use those resources.

Chart 3

*Government also:

1. hires productive resources
   e.g., Post Office employees, teachers
2. hires or buys from business
   e.g., highway contracts, construction or buildings

so that there is a circular flow of income between a household and government and a business and government.

In discussing the relationship of savings (postponement of consumption) and economic growth, opportunity cost may be introduced. This is a way of looking at the cost of one good or service to a person or to a society as a whole in terms of those things foregone by not using the same resources in another way.

The market is the basic institution of the American economy. The market is the mechanism which permits us to register our individual economic decisions. It is in the market that the consumers and the producers, the savers and investors, decide what will be produced, how they will be produced, and who will get them. The market provides a mechanism by which the consumers' demands can be expressed and responded to by producers, thereby allocating the available resources to the production of those things most desired by society. A consumer deciding to buy an electric stove instead of a gas stove, a college graduate deciding on a business career instead of one in teaching, a manufacturer deciding to produce outboard motors instead of sewing machines--all are making decisions in the market.

An essential part of the functions of the market in a price-directed economy is competition, which is defined as "economic rivalry among sellers for the customers' dollars or among producers as they seek to buy the factors of production."[5]

It is important for children to understand that competition is essential in a market economy.

Competition may be seen at work in price competition. Competition between sellers for the consumers' dollars forces the price of the product down to the lowest level possible which still covers production costs and provides a reasonable profit. Businesses which cannot attract consumer dollars in sufficient quantity to meet costs and make a profit are forced out of production. Non-price competition is the improvement of a product, or the way it is sold, or the extensive use of advertising.

The effects of competition are felt by both the producers and the consumers. Competition among producers and sellers tends to promote efficient use of resources and to encourage an improvement of products and/or a reduction in prices in order to attract consumers away from other sellers.

Competition also forces producers to compete with each other in the market for productive resources, land and labor, assuring land-owners and workers an income consistent with the highest value of their resources.

Competition and the profit motive benefit the economic system by attracting producers and resources into profitable production (production which results in satisfying consumer's wants) and driving out of the market those producers who are not using resources efficiently or are not producing goods and services which are wanted.

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5. Economic Ideas and Concepts, Part I, Joint Council on Economic Education, p. 18.

competition in
- consumer market
- producers market

Businessmen, workers, and consumers each pursue their own interests but in competition with the conflicting interests of each other. It would seem that prices, wages, profits, and the allocation of resources would be determined in a way that would actually serve the best interests of all. But the market system has some imperfections, so that in our system, all economic decisions are not made in the market by the forces of demand and supply.

The imperfections of a pure market system arise because:

Social wants sometimes do not coincide with individual wants, e.g., individuals want more narcotics than society wants them to have, or individuals want less education than society wants them to have.

Monopoly power interferes with the functioning of the competitive market in establishing prices and regulating profits.

Some goods and services cannot be privately produced profitably or in adequate amounts, e.g., streets and highways, sewage disposal, national defense.

So, in our society, we neither expect nor permit all goods and services to be provided through the market.

Furthermore, the values and goals of our society influence the type of economic institutions we develop and the kinds of economic policies we follow.

Most of the people in the United States would agree on the goals listed below:

1) economic growth, a rising standard of living
2) economic stability, an absence of severe recession or inflation
3) economic security, protection against loss of income through unemployment, old age, physical handicaps, death of the breadwinner, bank failure
4) economic freedom, preservation of individual freedom to choose one's own work, control over property, right of contract, etc.
5) economic justice, protection against exploitation, discrimination, or other unfair treatment.

Government (Federal, state, local) plays three major roles in our economic system. The government has a regulatory function. That is, it intervenes to establish rules to make the system work effectively. These rules might be designed to prevent fraud, to protect contracts, to assure and maintain competition by preventing monopoly, price-fixing, or by setting fair-trade practices, and many other such regulations.

market imperfections social goals

The government, also, participates in the allocation of resources through levying taxes and spending tax receipts to provide "public or collective" goods and services, such as schools, highways, national defense, community protection, etc.

In the United States, the people decide largely through their political choices what resources ought to be used for the public and how to use them. A major proportion of the government expenditure for services has been for those activities which people believe cannot be effectively provided through private endeavor. Such activities include fire and police protection, postal service, schools, and highways. In addition, social security, A.D.F.C., unemployment payments, are ways in which we foster economic security through the government.

The third role of government is designed to help keep the total demand for goods and services in relative balance with the total productive capacity of the system. The government may increase or decrease its spending or increase or decrease the total tax receipts as the balancing of total supply and total demand may indicate.

The performance of our economy and the policy decisions which we make as a society are measured in light of our goals or values. It is important to recognize that these goals are not mutually compatible. Often the steps taken toward one goal lead away from another. For example, fair housing laws ensure more justice for many potential house-owners or tenants, while infringing on the freedom of present property owners; the social security tax provides more security and enlarges the freedom of retired people while restricting the working people's freedom to spend all their wages as they choose.

Citizens must make decisions about economic goals. They need to understand the nature of these goals and establish priorities. They must look at the pros and cons of a particular issue and decide how much to forfeit here in order to gain somewhere else.

This requires citizens to have some understanding of economics in order to think intelligently about issues and arrive at a decision rationally.

Economic Growth

Economic growth means increasing a nation's total output of goods and services over a period of years at a faster rate than the population is increasing. This results in more available goods and services per person and a rising standard of living.

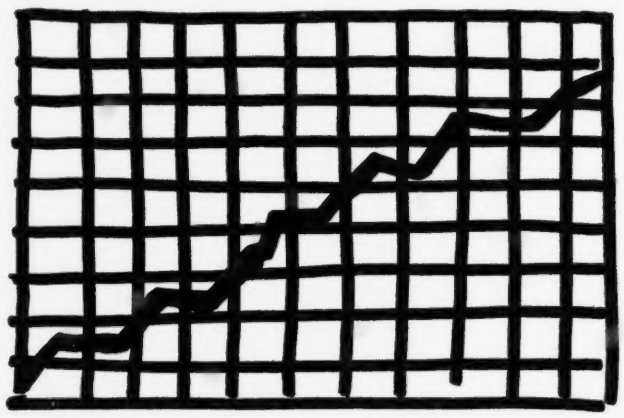
In the United States, total production has increased dramatically over the years. Not only have goods and services and jobs expanded or increased in quantity, but they have improved in quality.

role of government
choice-making as citizens
ingredients of economic growth

The extent of economic growth is determined by a nation's ability to increase its capacity to produce. Productive capacity is dependent upon the quality and quantity of productive resources (factors of production) and on the level of technology.

The United States is rich in natural resources; has a large population with highly developed skills; a political system and a value system which places high priority upon education and economic freedom and a mixed economy which utilizes both private and public use of resources.

The growth and stability of our economy are related to the amount of money spent and saved. In the elementary schools, some understandings about money will be developed.



The most important kind of money in the United States is not coins and not bills, but bank deposits, i.e., demand deposits on which people write checks.

Money serves three functions: as a medium of exchange, it is acceptable to all and eliminates the need for barter; as a measure of value, it enables us to compare and measure all economic goods and services; as a store of value, it provides us with an easy way of saving, it retains its value and can easily be deposited in a bank account.

Our whole system of specialized production and buying and selling goods and services in the market requires the use of money.

Bank deposits, against which checks can be written, result chiefly from the lending and investing activities of banks. This means that consumers (family members, businessmen, or governments) borrow money from banks to buy a new car, new materials or tools, more roads or defense equipment, and so on. If the bank agrees to lend the money, it opens a checking account against which the borrower can write checks.

Money has been created. It can be thought of either as banks creating credit money or as people, business, or government going into debt by borrowing from banks.

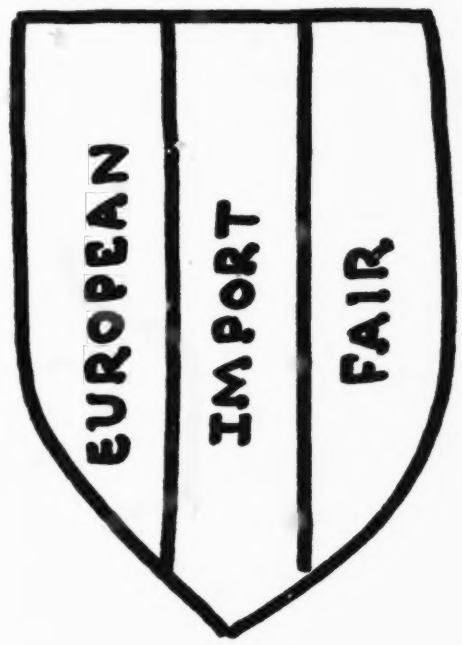
There is, of course, a limit to the amount of money a bank may create. The government controls the amount of created money by requiring banks to have reserves. These reserves, for most banks, are deposits in the Federal Reserve Bank, and must not be less than a certain percentage of their demand deposits. Thus, the size of the reserves determines the ability of the banks to lend.

money--characteristics
and functions
banks and created money

The United States and World Economy

When children discover that in the home, the neighborhood, and the city, different people do different jobs and thus specialize in the task each can do best, the fundamental principles of international trade have been introduced. In the same way that we find jobs divided among different people in our own community, we also find that different kinds of work are done by people of different countries.

The United States exports over $20 billion of goods each year, and the incomes of many workers and the profits of many businesses are dependent on the sale of those goods in foreign countries.



Imports are also necessary for the growth of our economy. There are some products, e.g., tin, nickel, and coffee, which we do not produce at all, and others, such as copper petroleum, and iron ore, which we do not produce in sufficient quantities in relation to the growth of our output and our domestic sources of supply.

World trade takes place for the same economic reasons that trade occurs within the United States--because it pays to specialize in what you can do best and to buy from others what they can produce more cheaply than you can.

There are special problems of world trade arising from the existence of political boundaries and independent governments with different monetary systems and artificial trade barriers such as tariffs, which do not exist within a country such as the United States.

In addition, there are many nations whose economic systems differ in kind or in degree from that of the United States. Some of them are highly developed industrial nations, e.g., Japan, Germany, Italy, Great Britain, while others are considered economically underdeveloped countries, e.g., the countries of Latin America, most of Asia, the Middle East, and Africa.

As children move through the elementary school, grade by grade, they will have the benefit of cummulative opportunities to develop 1) an understanding of the fundamental principles underlying our economic system and the growth of our economy, and 2) a way of comparing and contrasting it with the economies of other countries.

specialization of nations
reasons for international trade

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ECONOMICS IN THE SOCIAL STUDIES

The Social Studies curriculum in the elementary school focuses upon people, their relationships to one another and to their environment. Each of the many social science disciplines contributes to the understanding of these relationships.

The classroom teacher is responsible for the development of the fundamental generalizations from the various social sciences within the context of the particular grade-level theme.

Generalizations are not taught. They are the goals toward which the teacher is guiding the learner. They provide the basis for the selection of the factual data to be used, for organizing and interpreting data, and for applying known facts to new situations.

In every classroom at every grade level, teachers and children are discussing the ways people live, the work they do, their need for food, clothing, shelter, their institutions for education, religion, and law. The threads of each of the social science disciplines are woven into the fabric of these relationships and the forces that shape them. One of the threads is economic in nature and becomes the dominant thread in many of the social patterns being studied.

The guidelines from the Social Studies Guide have been used as a basis for identifying the economic understandings that are to be developed. These understandings are made up of concepts and generalizations which can be learned through varied experiences and maintained, strengthened, and extended through application in an ever increasing number of new situations.

Kindergarten:

The social studies context in kindergarten is the school and the home. The experiences children have with the work of the school personnel and the members of the family, as well as with the goods and services consumed by the class at school and by the family at home, provide opportunities to develop the following economic understandings:

- the nature of wants
- the meanings of consumers and producers
- the role of production
- the advantages of division of labor
- the need for choice-making

First Grade:

In the first grade, the social studies context is the home and the neighborhood. Children discuss the work done in the home and the need for workers outside the home. The understandings introduced in kindergarten are expanded and strengthened and the following are introduced:

- the freedom of people to own property, to go into business, or choose their own work
- the circular flow of income between families (public) and business

Second Grade:

The neighborhood community is the context of the second grade social studies program. Children identify the needs of people in a community for shelter, food, clothing, education, health and safety, transportation and communication. The nature of wants, the need for production, the principles of production, and the other economic ideas previously introduced are presented again. Children now begin to explain the advantages of specialization and the resulting interdependence. They can identify the alternatives involved in the choice-making of the family choosing consumption goods, and of the worker choosing his work.

In addition, the second grade will be discussing:

- the need for labor, materials, and machines in production
- the competition among sellers for the consumer's money
- the influence of consumer demand upon what will be produced
- the role of government in providing education, postal services, and police and fire protection

Third Grade:

The social studies context for the third grade is the city--both past and present. The social studies content, including that of economics, presented in the previous three years, will be generalized and expanded. Children will discuss the various sections of the city, how they are alike and different, and why. They will look at specialization, not only of workers and businesses, but of a particular locality. They will discuss choice-making by the family and the business, and also by the community through the government. The concept of opportunity cost will be introduced without the terminology. The real cost of satisfying a want is the thing foregone by not using limited resources in an alternative way. It may be a family vacation trip instead of a color TV; producing more peanut butter instead of producing salted peanuts; or building a new auditorium instead of a new courthouse. The real cost of the one is the giving up the satisfaction of having the other.

Fourth Grade:

Beginning with this grade, a particular unit of work has been identified as the place for economic emphasis.

A substantial portion of the fourth grade context deals with our state. In the particular unit that has been chosen for economic emphasis, "Earning a Living in Urban and Rural Areas," hopefully children will be able to see the relationships of the various institutions involved. Specialization,

interdependence, role of production, need for the factors of production will be understandings that they can bring to this larger area including more people, more land, more communities and towns. These understandings will be reinforced and new ones introduced:

- the importance of world trade
- the specialization among nations

Fifth Grade:

"Life in Our Nation" is the theme of the fifth grade social studies. One unit of study has been selected for the development of economic understandings--"America at Work." The unit provides an opportunity to expand those understandings developed in the previous grades and to introduce:

- the need for an economic system (with a look at our modified market system, consolidating all the understandings previously dealt with)

Sixth Grade:

The sixth grade social studies theme is "Life in the Western Hemisphere." Here again, particular units are chosen in which economics will be emphasized. It is obvious that the opportunity for expanding and reinforcing all the previous learnings is present in this year. But, the approach will be a new one, for the sixth grade will deal with:

- economies of other countries and an analysis of these economies in light of what the children know about our economy